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***GOVERNOR RELEASES FY2009 BUDGET PROPOSAL***  
***Budget Is Balanced, Protects Vital Services, Does Not Raise Taxes***

PHOENIX – Governor Janet Napolitano today released her proposal for the state budget in fiscal year 2009, presenting the Legislature with a budget that is balanced, protects vital services, and does not raise taxes.

“It’s critical that while we balance our budget, we continue to make important investments in Arizona,” Governor Napolitano said. “I’ve proposed a fiscally responsible budget that keeps up the progress we’ve made in areas that are critical to Arizona’s future.”

The Governor’s budget proposal is balanced, while protecting vital services such as education, health care, and public safety. For example, the budget proposal provides the necessary for expanded enrollment in the K-12 system and universities, supports new school construction, and funds the recruitment and training of math and science teachers. The Governor’s proposal also builds on priorities in public safety, including an interoperable communications system for Arizona law enforcement and increased capacity for domestic violence shelters. In addition, the plan protects funding for vital health care programs, such as KidsCare, while opening the doors to health care to more Arizona children in a cost-neutral way.

The Governor’s plan to close the budget gap is consistent with the Budget Management Plan that the Governor has proposed to solve the FY2008 budget deficit: the FY2009 budget includes agency savings, some funds from the “rainy day” savings account, and capital financing for new school construction.

With current favorable market conditions, long-term financing of new schools would likely cost the state an interest rate below five percent. “Financing the construction of new schools is critical to balancing our budget without short-changing our children,” Governor Napolitano said. “This is how the state pays for roads and all other state buildings. It’s how the vast majority of other states pay for their new schools. It’s how Arizona has paid for new school construction in the past,” she continued.

The budget contains more than \$139 million in agency budget savings, building efforts to cut agency spending in the FY08 budget. “This budget shortfall is an opportunity to make government more efficient and effective,” the Governor said. “My Efficiency Review team has already identified more than \$1 billion in savings since 2003, and in the upcoming year, we’re continuing

to look for every way to make sure the state is using tax dollars in the most efficient way possible.”

The Governor’s plan also uses \$196 million from the state’s “rainy day” savings account, leaving \$225 million in the fund headed into fiscal year 2010. “Since I became governor, we’ve built up the rainy day account precisely for this purpose. Right now, it’s raining,” the Governor said. “It’s the right time to use some of this money to make sure we keep moving forward.”

The Governor’s entire budget proposal is available online through the Governor’s Web site at [www.azgovernor.gov/Budget09.asp](http://www.azgovernor.gov/Budget09.asp).

For more information about the Office of the Governor, please visit [www.azgovernor.gov](http://www.azgovernor.gov).